

**LEAP, Inc.**  
**d/b/a Brooklyn Workforce**  
**Innovations**

Financial Statements

June 30, 2022

## **Independent Auditors' Report**

**Board of Directors**  
**LEAP, Inc. d/b/a Brooklyn Workforce Innovations**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of LEAP, Inc. d/b/a Brooklyn Workforce Innovations ("LEAP"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements..

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of LEAP as of June 30, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LEAP and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about LEAP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of LEAP's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about LEAP's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Report on Summarized Comparative Information**

We have previously audited LEAP's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*PKF O'Connor Davies, LLP*

December 23, 2022

**LEAP, Inc.**  
**d/b/a Brooklyn Workforce Innovations**

Statement of Financial Position  
June 30, 2022  
(with comparative amounts at June 30, 2021)

	2022	2021
<b>ASSETS</b>		
Current Assets		
Cash	\$ 2,988,782	\$ 2,649,828
Accounts receivable	200,102	183,333
Grants receivable	1,267,892	1,465,529
Prepaid insurance	12,167	38,604
Total Current Assets	4,468,943	4,337,294
Leasehold improvements, equipment and fixtures, net	478,296	561,139
Right to use asset	1,382,565	-
Security deposits and other	70,873	60,909
	\$ 6,400,677	\$ 4,959,342
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities		
Accounts payable	\$ 301,572	\$ 204,899
Accrued expenses	291,609	193,535
Paycheck Protection Program loan	-	533,300
Total Current Liabilities	593,181	931,734
Lease liabilities	1,385,688	-
Total Liabilities	1,978,869	931,734
Net Assets		
Without donor restriction	4,313,317	3,934,510
With donor restriction	108,491	93,098
Total Net Assets	4,421,808	4,027,608
	\$ 6,400,677	\$ 4,959,342

See notes to financial statements

**LEAP, Inc.**  
**d/b/a Brooklyn Workforce Innovations**

Statement of Activities  
Year Ended June 30, 2022  
(with summarized amounts for year ended June 30, 2021)

	2022			2021 Total
	Without donor Restriction	With donor Restriction	Total	
<b>REVENUE AND SUPPORT</b>				
Government grants	\$ 1,392,412	\$ -	\$ 1,392,412	\$ 939,327
Contributions - foundations/ trusts	2,854,000	400,000	3,254,000	4,421,000
Contributions - corporations	685,652	-	685,652	356,484
Contributions - individuals	264,107	-	264,107	254,021
Program services	193,075	-	193,075	193,337
In-kind contributions	86,904	-	86,904	86,909
Subcontract income - affiliate	173,507	-	173,507	113,980
Special event revenue	122,600	-	122,600	-
Interest and other	13,161	-	13,161	17,609
Net assets released from restrictions	<u>384,607</u>	<u>(384,607)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>6,170,025</u>	<u>15,393</u>	<u>6,185,418</u>	<u>6,382,667</u>
<b>EXPENSES</b>				
Program	4,850,756	-	4,850,756	4,515,444
Management and general	477,153	-	477,153	502,360
Fundraising	<u>463,309</u>	<u>-</u>	<u>463,309</u>	<u>418,378</u>
Total Expenses	<u>5,791,218</u>	<u>-</u>	<u>5,791,218</u>	<u>5,436,182</u>
Change in Net Assets	378,807	15,393	394,200	946,485
<b>NET ASSETS</b>				
Beginning of year	<u>3,934,510</u>	<u>93,098</u>	<u>4,027,608</u>	<u>3,081,123</u>
End of year	<u>\$ 4,313,317</u>	<u>\$ 108,491</u>	<u>\$ 4,421,808</u>	<u>\$ 4,027,608</u>

See notes to financial statements

**LEAP, Inc.**  
**d/b/a Brooklyn Workforce Innovations**

Statement of Functional Expenses  
Year Ended June 30, 2022  
(with summarized totals for year ended June 30, 2021)

	2022					2021	
	Sector Based Training Programs	Other Programs	Total Program	Management and General	Fundraising	Total	Total
<b>PERSONNEL EXPENSES</b>							
Salaries	\$ 1,673,349	\$ 440,599	\$ 2,113,948	\$ 166,941	\$ 289,392	\$ 2,570,281	\$ 2,445,837
Contributed services - salaries	8,690	78,213	86,903	-	-	86,903	86,909
Payroll taxes and fringe benefits	463,989	143,064	607,053	19,167	72,781	699,001	716,719
Total Personnel Expenses	<u>2,146,028</u>	<u>661,876</u>	<u>2,807,904</u>	<u>186,108</u>	<u>362,173</u>	<u>3,356,185</u>	<u>3,249,465</u>
<b>OTHER THAN PERSONNEL EXPENSES</b>							
Administration	46,091	7,306	53,397	21,490	24,659	99,546	80,751
Consultants	60,645	14,350	74,995	10,062	2,012	87,069	83,619
Occupancy costs	558,078	40,361	598,439	32,575	10,858	641,872	623,481
Depreciation and amortization	-	-	-	82,843	-	82,843	84,695
Program expense	710,928	193,896	904,824	968	20	905,812	865,953
Equipment, furniture and fixtures	17,979	2,845	20,824	356	356	21,536	22,362
Payroll processing and bank charges	17,886	4,366	22,252	4,966	4,047	31,265	12,067
Registration and fees	88	-	88	1,060	-	1,148	5,264
Insurance	3,500	-	3,500	12,513	-	16,013	8,736
Maintenance, repairs and cleaning	27,220	-	27,220	1,216	-	28,436	12,206
Office supplies and printing	29,453	8,569	38,022	6,554	5,439	50,015	47,988
Memberships and subscriptions	590	-	590	5,500	340	6,430	3,658
Books and references	-	-	-	-	-	-	468
Professional fees, including donated services	7,750	-	7,750	49,490	-	57,240	74,537
Advertising, website and events	28,207	6,533	34,740	4,810	9,826	49,376	43,817
Utilities	32,830	5,096	37,926	2,729	819	41,474	43,326
Telephone, internet and postage	30,386	6,094	36,480	6,293	2,052	44,825	49,854
Software purchase and support	117,110	31,913	149,023	36,231	4,497	189,751	62,677
Conference, travel and training	23,747	9,035	32,782	10,389	677	43,848	21,138
Bad debt expense	-	-	-	1,000	-	1,000	40,120
Direct fundraising events	-	-	-	-	35,534	35,534	-
Total Other Than Personnel Expenses	<u>1,712,488</u>	<u>330,364</u>	<u>2,042,852</u>	<u>291,045</u>	<u>101,136</u>	<u>2,435,033</u>	<u>2,186,717</u>
Total Expenses	<u>\$ 3,858,516</u>	<u>\$ 992,240</u>	<u>\$ 4,850,756</u>	<u>\$ 477,153</u>	<u>\$ 463,309</u>	<u>\$ 5,791,218</u>	<u>\$ 5,436,182</u>

See notes to financial statements

**LEAP, Inc.**  
**d/b/a Brooklyn Workforce Innovations**

Statement of Cash Flows  
Year Ended June 30, 2022  
(with comparative totals for year ended June 30, 2021)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 394,200	\$ 946,485
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	82,843	84,695
Amortization of right to use asset	3,123	
Bad debt expense	1,000	40,120
Paycheck Protection Program loan forgiveness	(533,300)	
Changes in operating assets and liabilities		
Accounts receivable	(17,769)	(143,569)
Grants receivable	197,637	39,237
Prepaid insurance	26,437	16,009
Security deposits	(9,964)	(81)
Accounts payable	96,673	6,107
Accrued expenses	98,074	4,907
Net Cash from Operating Activities and Change in Cash	338,954	993,910
 <b>CASH</b>		
Beginning of year	2,649,828	1,655,918
End of year	\$ 2,988,782	\$ 2,649,828
 <b>NON-CASH INVESTING AND OPERATING ACTIVITY</b>		
Lease expense capitalized	1,385,688	-

See notes to financial statements

**LEAP, Inc.**  
**d/b/a Brooklyn Workforce Innovations**

Notes to Financial Statements  
June 30, 2022 and 2021

**1. Organization and Tax Status**

LEAP, Inc. (“LEAP”) d/b/a Brooklyn Workforce Innovations (“BWI”) is a not-for-profit organization that works to empower low and moderate income individuals by creating living wage employment opportunities and access to career paths. LEAP creates access to stable, long-term employment through job training and placement programs. LEAP is a controlled affiliate of Fifth Avenue Committee, Inc. (“FAC”). FAC has a one class membership interest in LEAP under section 803 of the Not-For-Profit-Corporation Law.

LEAP is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code and is not considered to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code.

LEAP, as BWI, offers a comprehensive model of workforce development services. Applicants are carefully screened, and accepted beneficiaries receive rigorous skills training in programs with employer vetted curricula leading to industry recognized skill sets and/or certifications, followed by job placement assistance and career advancement support for at least two years. BWI offers an array of skills-based trainings including:

- Red Hook on the Road (“RHOR”) is BWI’s commercial driving training program. This four-week program prepares participants for jobs as drivers of “class B/BPS” commercial vehicles including trucks, school buses, coach or charter buses, airport shuttle buses and Access-A-Ride and other para-transit vehicles. The course consists of industry-specific skills, such as map-reading and behind the wheel instruction, as well as job readiness and soft skills, such as mock interviews and customer service skills training. In 2022, BWI enrolled 192 individuals into training, graduating 92%. So far, 68% of graduates have obtained CDL certification and 73% of those licensed have been connected to employment. Starting wages for working graduates are \$22.72/hour, on average.
- NYCHA Resident Training Academy prepares public housing residents for careers with the New York City Housing Authority (“NYCHA”). Trainees participate in up to six weeks of training for various employment opportunities on NYCHA developments throughout the five boroughs of New York City, including caretaker and construction related roles. Positions with NYCHA offer opportunities for advancement and excellent benefits. In 2022, this program enrolled 304 individuals, graduating 98% of those enrolled. Thus far, 84% of graduates have been placed into jobs, earning \$15.80/hour, on average.
- The “Made in NY” Post Production Program offers five weeks of training on industry standard post production software and certification by the New York City Mayor’s Office of Film, Theatre and Broadcasting. The program prepares graduates each year for entry-level positions at post production companies. Entry-level positions often lead to exposure to more technical facets of post-production and can help establish a pathway to a more specialized role in the field. In 2022, this program enrolled 43 individuals, graduating 98% and thus far placing 74% of graduates in jobs earning an average of \$20.40/hour.



**LEAP, Inc.**  
**d/b/a Brooklyn Workforce Innovations**

Notes to Financial Statements  
June 30, 2022 and 2021

**1. Organization and Tax Status (continued)**

- The “Made in NY” Production Assistant (“PA”) Training Program connects underrepresented New Yorkers with careers in TV and film production through hands-on training. The intensive five-week program is offered in partnership with the NYC Mayor’s Office of Media and Entertainment. Participants learn set and office production assistant skills and are placed in jobs on feature films, episodic and reality TV, commercials, music videos and other productions. Annually, positions for graduates of the “Made in NY” PA program are plentiful, and wages are strong and rising. In 2022, this program enrolled 72 individuals, graduating 94%. Thus far, 99% of graduates have been connected to employment and are earning an average of \$22.62/hour.
- Brooklyn Networks is BWI’s tele-data installation program. Through this program, BWI prepares New Yorkers for in-demand careers installing and maintaining computer, voice, data, video, and security system cabling. This six-week, full-time training program is led by industry experts and served 60 individuals in 2022, graduating 90% of enrollees. Graduates obtain their industry recognized Building Industry Consulting Service International (“BICSI”) certification and quickly begin work in the field. Last year, BWI placed 76% of credentialed graduates into jobs earning an average of \$19/hour.
- Brooklyn Woods trains New Yorkers for careers in woodworking and fabrication. Through seven weeks of classroom and hands-on training, graduates learn shop production, wood technology, finishing techniques, cabinet installation, mechanical drawing, and the safe use and proper care of hand and power tools in BWI’s custom-built woodworking shop. Graduates are placed in jobs at large and small woodworking shops, construction and home renovation companies, home improvement stores and real estate property management firms. Brooklyn Woods also operates a cabinet-building social enterprise which offers employment opportunities to recent graduates. In 2022, Brooklyn Woods enrolled 59 participants, graduating 81%. Thus far, 77% of graduates have been placed in jobs in the sector earning \$19.76/hour, on average.
- The New York Drives provides jobseekers with the skills and opportunity to secure their New York State driver’s license and expand their professional development skills, removing a critical, largely invisible barrier to the workforce that young New Yorkers often face. Graduates are connected to BWI’s “Made in NY” PA program, followed by placement in the television and film production industry, where a driver’s license is a critical credential.

**LEAP, Inc.**  
**d/b/a Brooklyn Workforce Innovations**

Notes to Financial Statements  
June 30, 2022 and 2021

**1. Organization and Tax Status (*continued*)**

- The Brooklyn Workforce Collaboration is BWI's employer-customized training program that offers training tailored to specific hiring demands, with a particular focus on businesses that are growing along Brooklyn's industrial waterfront. Training programs are developed based on specific employer demand. BWI has piloted successful training programs focused on modular construction, solar installation and roofing, food manufacturing, and tech sectors roles. In 2022, the program served 95 individuals and graduated 86% of those enrolled. Thus far, 78% of graduates have been placed in job earning an average of \$21.92/hour, on average.

**2. Summary of Significant Accounting Policies**

***Basis of Presentation and Use of Estimates***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Some of the more significant estimates required to be made by management include depreciation expense.

***Change in Accounting Principle***

***Leases***

LEAP adopted FASB Topic 842, Leases, using the effective date method with July 1, 2021, as the date of initial adoption, with certain practical expedients available.

LEAP elected the available practical expedients to account for its existing operating leases as operating leases, under the new guidance, without reassessing whether the contracts contain leases under the new standard, whether classification of capital leases or operating leases would be different in accordance with the new guidance, or whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

**LEAP, Inc.**  
**d/b/a Brooklyn Workforce Innovations**

Notes to Financial Statements  
June 30, 2022 and 2021

**2. Summary of Significant Accounting Policies (continued)**

***Change in Accounting Principle (continued)***

***Leases (continued)***

LEAP elected the hindsight practical expedient to determine the lease term for existing leases. The election of the hindsight practical expedient resulted in the shortening of lease terms for certain existing leases and the useful lives of corresponding leasehold improvements.

As a result of the adoption of the new lease accounting guidance, on July 1, 2021, LEAP recognized a lease liability of \$1,385,688, that represents the present value of the remaining operating lease payments, and a right of use (“ROU”) asset of \$1,382,565, that represents the operating lease liability, adjusted for accrued rent.

***Net Asset Presentation***

LEAP reports information regarding financial position and activities according to two classes of net assets: without and with donor restrictions.

Without donor restrictions – consist of resources available for the general support of LEAP’s operations. Net assets without donor restrictions may be used at the discretion of LEAP’s management and Board of Directors.

With donor restrictions – represent amounts restricted by donors to be used for specific activities or at some future date, or which require LEAP to maintain in perpetuity, including funds that are subject to restrictions or gift instruments requiring that the principal be invested in perpetuity and the income be used for specific or general purposes. When a donor restriction expires, that is, when a time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. At June 30, 2022 and 2021, LEAP has no net assets with donor restrictions that are perpetual in nature.

***Allowance for Doubtful Accounts***

LEAP evaluates the collectability of receivables based on a combination of factors. Where management is aware of a customer’s inability to meet its financial obligation, a reserve for the potential bad debt to reduce the receivable to the estimated realizable value is recorded. Past due status is based on how recently payments have been received. Management determined that an allowance for doubtful accounts was not necessary at June 30, 2022 and 2021.

***Leasehold Improvements, Equipment and Fixtures***

Leasehold improvements, equipment and fixtures are stated at cost. Depreciation of equipment and fixtures is computed on the straight-line basis over its useful life. Amortization of leasehold improvements is computed on a straight-line basis over the term of the operating lease or life of the asset, whichever is shorter.

**LEAP, Inc.**  
**d/b/a Brooklyn Workforce Innovations**

Notes to Financial Statements  
June 30, 2022 and 2021

**2. Summary of Significant Accounting Policies (continued)**

***Leasehold Improvements, Equipment and Fixtures (continued)***

The estimated useful lives by asset class are as follows:

Equipment and fixtures	3-5 years
Leasehold improvements	10 years

***Revenue Recognition***

Contributions are recorded when an unconditional promise to give is received. Contributions received are recorded as with or without donor restriction depending on the existence or nature of any donor-imposed stipulations.

Conditional contributions and grants are recognized as revenue when the conditions on which they depend have been substantially met.

Fees received for program services are recognized as the services are performed or expenditures are incurred.

Grant revenue is recognized when related expenditures under the agreements are incurred.

***In-kind Contributions***

Contributions of nonfinancial assets are recorded as income and expenses at the time the items are received, which is also the time they are placed into service. Contributed services are recognized as contributions if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Donated professional services are reflected in the accompanying statements of activities at their fair value at the time the services are rendered estimated based on current rates of services provided by the vendor.

***Allocation of Expenses***

Expenses are charged directly to program or support service categories based on specific identification of expenses. Common expenses are allocated on an equitable basis to all programs and support services based on management's estimates.

***Advertising Costs***

Advertising costs are expensed as incurred. Such costs were \$30,528 and \$40,420 for 2022 and 2021.

**LEAP, Inc.**  
**d/b/a Brooklyn Workforce Innovations**

Notes to Financial Statements  
June 30, 2022 and 2021

**2. Summary of Significant Accounting Policies (continued)**

***Accounting for Uncertainty in Income Taxes***

LEAP recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that LEAP had no uncertain tax positions that would require financial statement recognition or disclosure. LEAP is no longer subject to examinations by the applicable taxing jurisdictions for tax years prior to June 30, 2019.

***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is Date xx, 2022.

***Prior Year Summarized Financial Information***

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with LEAP's financial statements as of and for the year ended June 30, 2021, from which the summarized information was derived.

**3. Concentration of Credit Risk**

Financial instruments that potentially subject LEAP to significant concentrations of credit risk consist principally of cash and grants receivable. LEAP maintains its cash with three financial institutions, which at times, may be in excess of federally insured limits. At June 20, 2022 and 2021, \$2,751,148 and \$2,400,374 of cash was maintained with an institution in excess of Federal Deposit Insurance Corporation limits. LEAP has not experienced any losses on its cash accounts.

A concentration of credit risk exists with respect to grants receivable from one source which represented 44% and 34% of the total grants receivable at June 30, 2022 and 2021. Receivables are expected to be collected in the normal course of business.

**4. Transactions with Affiliated Companies**

Operating expenses incurred by LEAP on behalf of FAC are billed to FAC and are reported as subcontract income on the statements of activities, which amounted to \$173,507 and \$113,980 for the years ended June 30, 2022 and 2021. At June 30, 2022 and 2021, \$60,462 was due from FAC.

Operating expenses paid for by FAC on behalf of LEAP resulted in billings to LEAP totaling approximately \$381,000 and \$396,000 for the years ended June 30, 2022 and 2021. This includes rent expense of approximately \$140,000 for both the years ended June 30, 2022 and 2021.

**LEAP, Inc.**  
**d/b/a Brooklyn Workforce Innovations**

Notes to Financial Statements  
June 30, 2022 and 2021

**5. Pension Plan**

LEAP has a Simplified Employee Pension Plan (the “Plan”), which is a defined contribution plan. LEAP made contributions of \$91,989 and \$89,234 to the Plan for the years ended June 30, 2022 and 2021.

**6. Leasehold Improvements, Equipment and Fixtures**

Leasehold improvements, equipment and fixtures at June 30 consist of the following:

	<u>2022</u>	<u>2021</u>
Equipment and fixtures	\$ 420,346	\$ 420,346
Leasehold improvements	<u>1,323,465</u>	<u>1,323,465</u>
	1,743,811	1,743,811
Accumulated depreciation and amortization	<u>(1,265,515)</u>	<u>(1,182,672)</u>
	<u>\$ 478,296</u>	<u>\$ 561,139</u>

**7. Paycheck Protection Program Loan**

On April 28, 2020, LEAP was granted a loan (the “Loan”) from Pursuit BDC in the aggregate amount of \$533,300, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act (the “CARES Act”), which was enacted March 27, 2020. The Loan bears interest at a rate of 1.0% per annum, with a deferral of payments for the first six months, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration (“SBA”). The Loan may be prepaid by the borrower at any time prior to maturity with no prepayment penalties. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations. Under the terms of the PPP, some or all of the Loan may be forgiven if the proceeds are used for qualifying expenses as described in the CARES Act. To the extent that all or part of the Loan is not forgiven, LEAP will be required to pay interest on the Loan through the date principal is repaid in full or maturity date.

At June 30, 2021, the PPP loan was recognized as debt on the statement of financial position.

During the year ended June 30, 2022, the full loan amount of \$533,300 was forgiven and is shown in government grants on the statements of activities.

**LEAP, Inc.**  
**d/b/a Brooklyn Workforce Innovations**

Notes to Financial Statements  
June 30, 2022 and 2021

**8. Commitments and Contingencies**

LEAP leases commercial office space under the terms of three operating leases which expire during various years through 2029. Rent expense for the years ended June 30, 2022 and 2021 was approximately \$621,000 and \$623,000.

Minimum required lease payments for the years ending June 30, are as follows:

2023	\$ 329,123
2024	341,447
2025	356,502
2026	347,264
2027	82,983
Thereafter	<u>143,583</u>
	<u>\$1,457,319</u>

**9. Net Assets With Donor Restriction**

Change in net assets with donor restriction consists of the following for the years ended June 30, 2022 and 2021:

Purpose/ Restriction	2022			
	Balance	Additions	Releases	Balance
	June 30, 2021			June 30, 2022
Workforce Collaboration	\$ 93,098	\$ 205,000	\$ (189,607)	\$ 108,491
Woodworker Training	-	40,000	(40,000)	-
CDL Training	-	150,000	(150,000)	-
Made in NY Training Program	-	5,000	(5,000)	-
	<u>\$ 93,098</u>	<u>\$ 400,000</u>	<u>\$ (384,607)</u>	<u>\$ 108,491</u>

Purpose/ Restriction	2021			
	Balance	Additions	Releases	Balance
	June 30, 2020			June 30, 2021
Workforce Collaboration	\$ 75,931	\$ 165,000	\$ (147,833)	\$ 93,098
Made in NY Training Program	-	50,000	(50,000)	-
	<u>\$ 75,931</u>	<u>\$ 215,000</u>	<u>\$ (197,833)</u>	<u>\$ 93,098</u>

**LEAP, Inc.**  
**d/b/a Brooklyn Workforce Innovations**

Notes to Financial Statements  
June 30, 2022 and 2021

**10. Liquidity and Availability of Financial Resources**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use within one year of the statements of financial position date, is comprised of the following:

	<u>2022</u>	<u>2021</u>
Cash	\$ 2,988,782	\$ 2,649,828
Accounts receivable	200,102	183,333
Grants receivable	<u>1,267,892</u>	<u>1,465,529</u>
Total Financial Assets	4,456,776	4,298,690
Less amounts unavailable for general expenditure:		
Restricted by donors with purpose restrictions	<u>(108,491)</u>	<u>(93,098)</u>
Financial Assets at Year End Available to Meet Cash		
Need for General Expenditures Within One Year	<u>\$ 4,348,285</u>	<u>\$ 4,205,592</u>

As part of its liquidity risk management, LEAP maintains a cash balance to ensure it is available as its general expenditures, liabilities, and obligations come due within one year. In addition, LEAP monitors the status and collectability of its accounts receivables on a regular basis.

**11. Risks and Uncertainties**

LEAP's operations and financial performance may be affected by the recent COVID-19 outbreak, which has spread globally and is expected to adversely affect economic conditions throughout the world. If the outbreak continues and conditions worsen, LEAP may experience a disruption in operations as well as a decline in revenue activities. Economic uncertainty is related to the potential reduction and/or delays in federal, state and local grant funding, and reductions in contributions related to a decrease in discretionary income of potential donors. The outbreak may adversely affect LEAP's activities, financial condition, results of operations, and cash flows. Management is closely monitoring the impact of COVID-19 and believes that LEAP is taking appropriate actions to mitigate the negative impact. However, management is unable to estimate the financial impact, if any, related to this matter.

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